

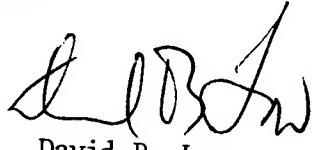
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DISSEMINATION CONTROL ABBREVIATIONS

NOFORN-	Not Releasable to Foreign Nationals
NOCONTRACT-	Not Releasable to Contractors or Contractor/Consultants
PROPIN-	Caution-Proprietary Information Involved
ORCON-	Dissemination and Extraction of Information Controlled by Originator
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Attached is the CIA assessment of the possibility of the Soviets joining the Common Fund. It has not been coordinated with other intelligence organizations.

While there is ample evidence that the Soviets are considering such a move, there is little evidence that they will do so. Thus, this assessment is based upon a cost/benefit analysis, a risky enterprise under the circumstances of the recent change in foreign ministers.



David B. Low

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Possibility of Soviets Joining Common Fund

8 July 1985

1. We believe the USSR is likely to ratify the Common Fund.

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ratification would break established patterns of Soviet behavior in dealing with LDCs, the current circumstances present Moscow with a golden propaganda opportunity.

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Status of the Fund

2. Two criteria must be met for the Fund to enter into force:

90 countries must deposit instruments of ratification. To date, this number is 86. Two more--Angola and Luxembourg--have agreed to ratify but have not yet submitted the required instruments due to unspecified administrative delays.

66.6 percent of \$470 million dollars must be contributed by ratified members. The total contributions of the current 86 is 57%. Assuming Angola and Luxembourg ratify, this number would be 57.5%--9 percentage points away from the threshold.

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These contributions are for the so-called 'first window' fund used to finance commodity bufferstocks. UNCTAD believes--and we concur--that LDCs are pushing for first window ratification because it is a legal prerequisite for getting 'second window' funds earmarked for LDC commodity projects. In addition, the Common Fund has symbolic value as the first step toward the "New International Economic Order."

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The Soviet Position

3. The USSR holds 6.21 percentage points of the 9 needed for ratification. Although the Soviets cannot unilaterally enact the Fund, Soviet ratification would likely trigger other events:

- o Some East Bloc countries might follow suit.

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- o Some of the 23 small LDCs that have signed but not ratified would be given hope of joining 'a winning cause,' and therefore ratify. Moreover, countries that have already signed--or even the USSR--could offer to pay the contributions of prospective Fund members to put the Fund into force.

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Any of these events would put the Common Fund into effect. Moreover, the Soviets could encourage others to ratify first to allow Moscow the credit for putting the Fund 'over the top.'

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The Soviet Opportunity

4.

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We believe the benefits to Moscow of such a move would outweigh the costs.

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5. We believe that Soviet accedence to the Fund would be a significant propaganda victory. The LDCs, both individually and collectively, over the past year have urged the USSR to join the Fund.

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6. Several factors may cause the USSR not to join, however. First, the Soviets have shown a preference for dealing with LDCs on a bilateral basis. In those UNCTAD commodity agreements to which Moscow belongs, the USSR's behavior reflects its economic, rather than political, interests. Moscow has no economic interest in the Fund. Second, Soviet membership in the Fund carries a \$20 million price tag and the Soviets often demonstrate their frugality in multilateral organizations. Third, the change in Soviet foreign ministers might disrupt any decision on the Fund

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Ratification, however, presents Gorbachev and foreign minister Shevardnedze with an opportunity to break with the aforementioned traditions in dealing with LDCs.

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Soviet Timing and the US Position

7. For propaganda purposes, Moscow would probably announce its intention to ratify either as the 90th member or during the UN fall session. Any effort by the US administration to submit the Fund to Congress for ratification at this late date would be overshadowed by Moscow's actual deposit of its instrument of ratification with the UN.

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19 July 1985

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